



## Clerk-Treasurer's Conference

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**Budget Division**  
**June 2015**



# Introduction

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- Budget Process in General
- 2016 Budget Calendar
- 2016 Budget Workshops
- 2016 Budget
- New Legislation
- Review of 2015 Budget Cycle



# Budget Process Overview

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- Budget Preparation
- 2016 Budget Workshops
- Public Notice (Gateway)
- Public Hearing(s)
- County Council Review
- Adoption
- Submit Budget Via Gateway
- The Department Certifies Budgets, Rates, and Levies and Issues Budget Order by February 15.



# Budget Calendar

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- June 30 – First half complete
- July – August – Budget Workshops
- August 3 – Deadline to submit cumulative funds; Auditor certifies CNAV's (after TIF neutralizations)
- Sept 1 – Submit budgets, rates, and levies to county council for non-binding review.
- Sept 14 – Last day to submit in Gateway the Notice To Taxpayers of budgets and levies (or at least 10 days before Public Hearing, whichever is earlier).



# Budget Calendar

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- Oct 1 – Last day for county fiscal body to complete review and issue recommendation.
- Oct 23 – Last possible date for Public Hearing (at least 10 days before adoption).
- Nov. 2 – Last possible date for all units to adopt the 2016 budgets, tax rates, and tax levies.
- Feb 15 – Department certifies budgets, tax rates, and tax levies.



# What to Take to Budget Workshops

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- *Note: Your Department field representative will be sending you a checklist of items to bring to your budget workshop. This is a highlight of that list:*
  - Financial report or ledger totals for first six months expenditures totaled by fund;
  - List of encumbrances by fund;
  - Cash and investment balances as of June 30 for each fund;



# What to Take to Budget Workshops

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- Any reduction ordinances/Additional Appropriations in the first six months or planned for second six months;
- Completed Form 1's for each fund;
- Completed Form 2's for each fund;
- Debt service worksheets and amortization schedules;
- Confirmed public hearing and adoption dates along with times and locations for each meeting;
- Completed Current Year Financial Worksheet
  - Also known as the Line 2 Worksheet



# Current Year Financial Worksheet

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- CYFW shows a snapshot on budget and financial condition as of June 30.
- Line 1 – Current year approved budget
- Lines 2 – Encumbrances carried over from previous year.
  - Requires purchase order, a contract, or an invoice.





# Current Year Financial Worksheet

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- Line 3 – Additional Appropriation/Reduction (Jan. thru June of current year)
- Line 4 – Other non-appropriated obligations
- Line 5 – Total of lines 1 thru 4
  - Total approved appropriations
- Line 6 – Total expenditures per fund (Jan. thru June current year)
- Line 7 – Line 5 minus line 6
  - Appropriation balance



# Current Year Financial Worksheet

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- Line 8 – Reductions planned for July thru Dec. of current year.
- Line 9 – Total Line 7 minus 8
  - Estimated current year expenditures second half.
  - Line 9 amount will transfer from the Current Year Financial Worksheet to Line 2 of Form 4B.



# Current Year Financial Worksheet

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- Line 10 – Proposed Additional Appropriations July thru Dec.
- Line 11 – Levy Excess not transferred prior to June 30
- Line 12 – Temporary Loans outstanding on June 30 to be repaid by Dec 31.
- Line 13 – Total of Lines 11 and 12
  - Line 13 will transfer to line 4A of Form 4B



# Current Year Financial Worksheet

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- Line 14 – Temporary loans outstanding as of June 30 that will not be repaid by Dec 31.
  - Need to know which fund the loan came from.
  - Emergency declaration by fiscal body.
  - Signed resolution/ordinance.
  - Reported to the Department & SBOA.
- Line 14 is transferred to line 4B of Form 4B.



# Current Year Financial Worksheet

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- Line 15 – Cash and Investment balances as of June 30 of current year.
- Line 15 is transferred to Line 6 of Form 4B.
- Lines 16 – Taxes to be received from December Settlement.
  - Certified Levy minus June settlement.
  - No adjustment for Circuit Breaker.
  - Source is County Auditor's Certificate.
- Line 16 is transferred to Line 7 of Form 4B.



# Current Year Financial Worksheet

Formerly called  
"Line 2 Worksheet"

Select Fund:

0101 - GENERAL



Select Fund

<b>Line 2</b>	
APPROPRIATIONS	
1. Current Year Approved Budget	\$ 3,239,398
2. Encumbrances Brought Forward	\$ 62,299
3. Changes to Appropriations:	
a) Additional Appropriations (January to June)	\$ 0
b) Reductions January through June	\$ 0
4. Other Non-Appropriated Obligations	\$ 0
5. Total Approved Appropriations	\$ 3,301,697
DISBURSEMENTS	
6. January through June Current Year Disbursements	\$ 1,451,410
7. Appropriation Balance	\$ 1,850,287
8. Reductions July through December	\$ 0
9. Estimated Current Year Expenditures July through December	\$ 1,850,287
<b>Line 3</b>	
10. Proposed/Approved Additional Appropriations for July through Dec. of Current Year	\$ 0
<b>Line 4A</b>	
11. Levy excess not transferred prior to June 30	\$ 0
12. Temporary Loans outstanding as of June 30	\$ 0
What fund loaned the cash on Line 12?	
13. Temporary loans not included in Lines 2 or 3	\$ 0
<b>Line 4B</b>	
14. Temp loans to be repaid in the first six months of ensuing year	\$ 0
What fund loaned the cash on Line 14?	
<b>Line 6</b>	
15. June 30 Cash Balance, including investments	\$ 1376872
<b>Line 7</b>	
16. Taxes to be collected, present year (December settlement)	\$ 677417

Enter data and save

Form values saved at 01:42 PM and 38 seconds.





# Debt Worksheet

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- Debt Worksheet calculates payments needed over a two year period.
  - Last 6 months of current year. (July thru Dec.)
  - Payments in the ensuing year.
  - First 6 months of the following year.
  - Form was revised this year .
- Amortization schedules will be used to verify payments.
  - Notify your field representative if trustee or bank fees are to be incurred.



# County Council Review

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- County Council is required to review and issue a recommendation for civil taxing units' budgets, levies, and rates for those units not subject to binding adoption.
- If a unit has an elected board, county council will issue a non-binding recommendation concerning budgets, levies, and rates.
- Review worksheet must be completed in Gateway, which also serves as submission to the county auditor.





# County Council Review

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- If the taxing unit fails to submit a budget for council review, the unit is held to lesser of advertised or adopted or previous year's budgets and tax levies.
- If county council fails to complete the review and issue a recommendation, the county budgets are held to the lesser of advertised or adopted or previous year's budgets and tax levies.



# 2016 Budget



# Updates

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- There is now a new state form to use when submitting Additional Appropriations. Look for the State of Indiana seal for the correct form.
- Deadlines to re-establish cumulative funds is August 3. (Paperwork must be filed by Aug. 3.)
- Assessment date changes to January 1 from March 1 beginning 1/1/2016.
- Transfers to rainy day funds cannot be made from debt service funds or other dedicated funds. Transfers from a cumulative fund will jeopardize the future rate.



# 2016

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- The Department suggests using 85% of 2015 CNAV's for calculating tax rates for 2016. This approach is intended to protect the tax rate from being understated.
- Growth quotient certification is released in early July.



# Gateway Updates

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- 2016 Budget applications in Gateway is now open.  
<https://gateway.ifionline.org/>.
- New flowchart feature may ease navigating. Look for the icon directly above the forms menu.
- Reminders throughout Gateway to view Error Prevention Report before submitting.
- Revisions coming to Debt Service worksheet due to legislative changes.
- Form 3 Notices are being revised for new language.
- County Council Review Forms cannot be initialized until AVGQ is released.



# 2016 Changes

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- Limits on Debt Service Fund balances changes for 2016.
- Changes for RDC & treasurer reporting requirements (TIF).
- Changes for 2017 to LOIT's.



# Legislation



# 2015 Legislative Session

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- SEA 251 – Effective July 1, 2015 – Amends IC 6-1.1-20 concerning controlled projects.
  - A property owner or registered voter residing within a political subdivision may file a petition with the Department objecting that a subdivision has artificially divided a capital project into multiple capital projects to avoid the “controlled project” requirements.
    - The petition must be filed within 10 days of the preliminary determination to issue bonds or enter into a lease.
    - The Department has 30 days from receiving the petition to reach a final determination.





# 2015 Legislative Session

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- SEA 330 – Effective July 1, 2015
  - For annexations adopted after June 30, 2015, agricultural land is exempt and remains exempt from municipal taxes while assessed as agricultural land.
- County auditors have been advised to place these properties in their own taxing district which is clearly labeled as “Municipal Tax Exempt” to accommodate this change. Cities and towns should work with the auditor to ensure this has been done and work with the Department to ensure that the district is excluded from municipal taxes.



# 2015 Legislative Session

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- SEA 436 – Effective Upon Passage
  - Applies to any refund for a property resulting from an appeal for the 2014 assessment date or any prior assessment date, not already paid as of April 30, 2015.
  - If the refund is \$100,000 or more, the county auditor may, instead of a refund, elect to apply credits in equal installments to future property tax installments for the property up to 5 years.
  - Auditor may elect to accelerate the credits to provide a full or partial refund within the 5 year period.



# 2015 Legislative Session

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- SEA 436 – Sec. 13 Amends IC 6-1.1-4-43. Retroactive to March 1, 2014. Assessment of Big Box Retail Stores.
  - Applies to real property that is a limited market or special purpose (commonly regarded as big box retail) of at least 50,000 sq. ft. and occupied by original owner or by a tenant for which improvement was built.
    - Effective age of ten years or less – cost approach.
    - Land value may be based on market value of comparable land.
    - Depreciation and obsolescence must be factored into assessment.



# 2015 Legislative Session

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- SEA 436 – Effective January 1, 2015
  - The agricultural land base rate for the March 1, 2015 assessment date is \$2,050 per acre.
  - For the 2016 assessment date and afterward, the base rate is equal to the prior year base rate plus the assessed value growth quotient.



# 2015 Legislative Session

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- SEA 567 – Amends IC 36-7-14-8 with various changes to RDC reporting requirements. Effective Jan 1, 2016.
  - RDC must hold an organization meeting not later than 30 days after they are appointed and after that, on the first meeting each year.
  - Treasurer reports to the RDC by March 30, rather than to the fiscal body by June 30.
  - RDC files with executive, fiscal body, and the Department a report of activities and financial statements by April 15, rather than March 15. (Fiscal body no longer required to submit a comprehensive report to Department in September.)



# 2015 Legislative Session

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- SEA 567 – Continued:
  - April 15 report includes: revenues; expenses; fund balances; maturity date of all obligations; a list of parcels in each TIF district with base AV and incremental AV.
  - Eliminates the July 31 and September 30 reports.
  - Effective Jan 1, 2016, date by which RDC must notify county auditor and other taxing officials of excess AV is before July 1.
    - Notice must be filed electronically with the Department.



# 2015 Legislative Session

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- SEA 567 – Continued:
  - The treasurer of the commission may disburse funds of the commission only after the commission allows and approves the disbursement. Commission may, by rule or resolution, authorize the treasurer to make certain types of disbursements before commission's allowance and approval at its next regular meeting.



# 2015 Legislative Session

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- HEA 1264 – Amends IC 5-11-1-27, Sec. 6, Effective Jul 1, 2015 requiring legislative bodies of political subdivisions to ensure internal control standards and procedures are adopted by the political subdivisions and personnel have been trained on the procedures.
- IC 6-1.1-17-16.2 is added requiring the Department not to approve a budget or supplemental appropriation after receiving notification from State Board of Accounts of the violation of Sec. 6. (Effective after June 30, 2016.)





# 2015 Legislative Session

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- HEA 1264 – Sec. 13, Amends IC 36-1-23 Effective Upon Passage requiring volunteer firefighters serving on a city, town, or township fiscal body to abstain from voting on the budget or tax rates. If a majority of the fiscal body are precluded from voting on the unit's budget, the most recent annual appropriations are continued for the ensuing year. The executive of the unit, may petition the county fiscal body for an increase to the budget or an additional appropriation and levies.



# 2015 Legislative Session

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- HEA 1388 – Sec. 16 Amends IC 6-1.1-17-22, Effective Upon Passage changing the debt service fund balance calculation.
  - Debt originally incurred after June 30, 2014 may have a balance the lesser of 15% of the budget estimate for the debt for the year after the budget year; or the debt payment to be made in the first six (6) months of the year after the budget year.
  - For debt originally incurred before July 1, 2014, the lesser of 50% of the budget estimate for the debt for the year after the budget year or the debt payment to be made in the first six (6) months of the year after the budget year.



# 2015 Legislative Session

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- Example:
- Debt issued before June 30, 2014:
  - Total debt payments in 2017 (the year after the 2016 budget year) = \$1,000,000
  - Payment due in first half of 2017 = \$400,000
  - Operating balance allowed +\$400,000
    - This is the lesser of 50% of the total debt payments in 2017 or payment due in first half of 2017.



# 2015 Legislative Session

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- HEA 1485 – Effective Jan 1, 2017. Adds Article 3.6 to Title 6 Changes to Local Income Taxes. Consolidates and simplifies various local income taxes in effect on May 1, 2016 into one local income tax starting in 2017.
  - OMB and other state agencies must prepare a transition report by November 1, 2015.
    - Report must document all terms, conditions, limitations, and obligations for current LOITs.



# 2015 Legislative Session

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- HEA 1495 – Effective July 1, 2015 amends IC 6-1.1-7-10 to transfer responsibility of giving notice to taxpayers of tax rates from the county treasurer to the county auditor.



# Review of 2015 Budget Cycle

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## What Went Right for 2015:

- 92 budgets certified by Department by Feb. 15.
  - 1st time since 2002.
  - All counties have on-time tax billing.
- CNAV's were certified within a reasonable time;
- Improvements to Gateway;
- Additional training for Gateway;
- Outstanding user support for Gateway.



# Review of 2015 Budget Cycle

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## Most Common Budget Problems for 2015:

- 44 Cases Improper adoption
- 34 Times Improper advertising
- 32 Times Failure to submit forms in Gateway
- 22 Times Signed budget Form 4 not submitted in Gateway
- 16 Times Proof of publication not submitted in Gateway
- 5 Times Unit adopted budget before council review
- 5 Times Unit failed to submit budget to proper fiscal body for review
- 4 Times Debt report not in Gateway Debt Management.  
Levy denied
- 2 Times County council failed to make review



# Reminders

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- Promptly submit new debt in Gateway. Department cannot process the additional appropriation until it is submitted;
- New Additional Appropriations Certification form;
- County council budget review form must now be submitted in Gateway;
- Do not adopt budget until after Oct. 1 or you have received the recommendation from the council;
- Revised Debt Service worksheet in Gateway;
- Submit all SBOA required reports in Gateway or budgets are continued.





# Memorandums

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- Important Department Memos:
  - <http://www.in.gov/dlgf/files/pdf/150521> - Parkinson Memo - [2016 Gateway Budgets Upload Specifications.pdf](#)
  - <http://www.in.gov/dlgf/files/pdf/150518> - Jones Memo - [Revised 2015 - 2016 Budget Calendar.pdf](#)
  - <http://www.in.gov/dlgf/files/pdf/150518> - Schaafsma Memo - [Legislative Changes Affecting TIFs and Certified Technology Parks.pdf](#)
  - <http://www.in.gov/dlgf/files/pdf/150402> - Parkinson Memo - [Optional TIF Map Review.pdf](#)
  - <http://www.in.gov/dlgf/files/pdf/150518> - Schaafsma - [Assessment of Big Box and Commercial Non-income Producing Properties.pdf](#)



# Contact Information

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[http://www.in.gov/dlgf/files/Field\\_Rep\\_Map -  
\\_Budget.pdf](http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf)
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